

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: Grade AA butter increased 5 cents to \$1.9500, Grade A increased 5 cents to \$1.9500, and Grade B increased 5 cents to \$1.9500. (This equals the record high price for butter at the CME.) Barrel cheese increased 3 cents to \$1.5250 and 40# blocks increased 2 cents to \$1.5575.

BUTTER: The market tone remains firm. Most butter producers and handlers continue to make adjustments to production and marketing schedules. Thus far, buying interest has remained quite good, although some order/price protection during the past few weeks is now ending. Some retail outlets have been able to hold off increasing shelf prices, but now are increasing those prices which are expected to impact consumer buying patterns. Overall stock levels are reported to be in close balance to short of desired levels.

CHEESE: Some traders are starting to wonder if and/or when higher prices will slow demand. Cheddar offerings, particularly barrels, are tight to adequate. Process interest remains seasonally good. Cheese production is steady to lower, depending on local milk supplies and milk solids content.

FLUID MILK: Production levels in many areas of the country continue to be affected by hot and humid conditions. In Florida, the Southeast, and across the southern tier of states to New Mexico, seasonal milk declines are being punctuated by extreme weather conditions. Florida continues to import milk to supplement local supplies. In the Northeast and upper Midwest, production is coming off of seasonal peaks at varying rates. Northwest and California production levels are often improved, but output is often varied. Wet conditions continue to impact alfalfa harvesting in both areas. Class I demand ranges from lighter, where school closings have impacted the need for school lunch milk, to higher where featured.

DRY PRODUCTS: Nonfat dry milk sales are stagnant in all areas of the country. Supplies are in excess of needs and surplus NDM continues to be offered to the CCC to balance stocks. Whey markets are firmer and prices are higher. Plant offerings are limited and generally held with confidence. Production is at seasonally high levels. Lactose exports continue to be affected by economic conditions in Asia. Pricing levels are

lower due to concessions and third quarter contract prices are being lowered. Domestic demand is light.

CCC: During the week of June 15 - 19, net purchases totaled 1,396,170 pounds of NDM under the price support. Fiscal year (since October 1, 1997) purchases total 99.9 million pounds.

MAY MILK PRODUCTION (USDA, NASS): Milk production in the 20 major states during May totaled 12.1 billion pounds, 2.1% above production in these same states in May 1997. April revised production, at 11.6 billion pounds, was 1.3% above April 1997. Production per cow averaged 1,564 pounds for May, 35 pounds (2.3%) above May 1997. The number of cows on farms was 7.75 million head, down 16,000 (0.2%) from May 1997 but up 14,000 from April 1998. In May 1998, California surpassed Wisconsin in the number of milk cows. California's 1,370,000 cows exceeded Wisconsin's herd by 2,000 head.

CONSUMER PRICE INDEX (BLS): The May 1998 Consumer Price Index (CPI) for all food is 160.3, up 2.4% from May 1997. The dairy products index, at 148.1, is up 1.9% from a year ago. The May to May changes in selected dairy products are: fresh whole milk +2.2%, cheese +1.1%, and butter +14.1%.

APRIL FLUID MILK SALES HIGHLIGHTS (USDA, AMS): During April, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.7% below the previous year and 0.9% below March 1998 on an adjusted daily average basis. Sales of whole milk items were 1.2% below the previous year; sales of fat-reduced milk items were 2.0% below the previous year. Total fluid milk sales were lower in all regions.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK (USDA, WAOB): Strong dairy product prices are supporting higher than anticipated milk prices. The all-milk price forecasts for 1997/98 and 1998/99 are raised this month. The higher milk prices combined with lower feed prices likely will boost milk production a little above the level previously forecast. Nonfat dry milk prices remain weak and the forecast of CCC net removals is increased.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

LST = Last Significant Transaction

BUTTER ON FRIDAY, JUNE 19, 1998

(CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$1.9500	:	+.0500
A	:	\$1.9500	:	+.0500
B	:	\$1.9500	:	+.0500

SALES: 2 CARS GRADE AA @ \$1.9500 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.9500
1 CAR GRADE A @ \$1.9500 (LST)
1 CAR GRADE B @ \$1.9500 (LST)

OFFERS UNCOVERED: NONE

CHEESE ON THURSDAY, JUNE 18, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5250	:	+.0300
40# BLOCKS	:	\$1.5575	:	+.0200

SALES: 36 CARS BARRELS:
10 @ \$1.5200, 26 @ \$1.5250 (LST)

1 CAR 40# BLOCKS @ \$1.5575 (LST)

BIDS UNFILLED: 10 CARS BARRELS @ \$1.5250

2 CARS 40# BLOCKS @ \$1.5375

OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5650

NOTICE: The CME announced that Friday, June 19, will be the last cash trading session for Grades A and B butter. The discontinuance of A and B cash trading is one week earlier than previously announced.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
MAR 1998	159.7.	2.0	148.4	1.6	147.0	2.2	150.1	1.4	129.4	12.9	147.2	-0.4
APR 1998	159.8	2.0	148.5	1.9	146.3	2.6	149.9	1.1	125.0	7.9	146.3	-0.9
MAY 1998	160.3	2.4	148.1	1.9	145.6	2.2	149.4	1.1	127.5	14.1	146.2	-1.0
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
MAR	2.658	2.632	2.589	2.437	2.421	2.135	3.572	3.514	3.477	NA	2.969	2.920
APR	2.668	2.606	2.589	2.372	2.336	2.177	3.535	3.534	3.499	NA	3.060	2.903
MAY	2.666	2.608	2.591	2.377	2.484	2.121	3.539	3.528	3.448	NA	2.995	2.876

* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

BUTTER MARKETS

NORTHEAST

Butter prices are generally 16 cents higher following cash trading at the Chicago Mercantile Exchange. The market tone remains firm. Churning schedules are seasonally active, although cream supplies for churning are typically lighter at this time of the year due to heavier ice cream demand. Most producers are cautious and reluctant to pay current prices. Butter buying interest is mixed, with most orders being placed for short term or immediate needs. Unconfirmed reports of spot offerings of bulk butter are being quoted at \$2.00 per pound.

CENTRAL

Butter markets are firm following the 16 cent increase on Grade AA butter at the Chicago Mercantile Exchange June 12. Overall buying interest remains quite good considering recent price increases. Producers are stating that order price protection that has been in effect with some producers since the start of recent increases is now coming to an end. It is still early to get a good read as to how the increases have affected sales. Some retailers have also held off increasing shelf prices of print butter, but now are starting to remark at higher prices. Stocks of butter are reported to be tighter than desired. Churning schedules are typically light for this time of the summer.

WEST

Western butter prices continue to firm in response to the strong market at the CME. Some concern is expressed about future cream sales into high fat products at these extremely high prices. Retail print butter sales are also seeing some problems as prices climb. Bulk butter sales remain mostly strong with premiums improving even with the higher base prices. Butter stocks are tight overall and suppliers are hard pressed to meet current needs. Butter is not going into storage programs at this time and some that had been put in the freezer earlier is coming back out. Butter production is steady at about the seasonal peak.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME AA CASH BUTTER CLOSE OF JUNE 12, 1998 = \$1.9000

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+ 1/2 to + 5	+ 1 to + 4	- 4 1/2 to + 1

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
06/15/98	14,557	109,267
06/01/98	12,597	109,785
CHANGE	+1,960	-518
% CHANGE	+ 16	N. C.

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JUNE 12	1,3946	1,3667	1,3762	1,3646	1,4210	1,3418	1,3704
	1,323,180	4,335,355	5,933,378	2,119,925	3,488,819	5,983,869	9,472,688

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Wholesale prices are higher on process items and all natural varieties except Swiss. The market tone is unsettled as recent price increases have some buyers wondering if prices may cause consumer demand to slow. Milk receipts are steady to lower as receipts decline seasonally. Current demand is slow to fair and offerings are adequate.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-2.0200
Cheddar Single Daisies	:	1.2300-2.0250
Cheddar 40# Block	:	1.6750-1.8250
Process 5# Loaf	:	1.7050-1.8325
Process 5# Sliced	:	1.7250-1.8900
Muenster	:	1.7075-2.0325
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm, though a cautious undertone may be developing. At the Chicago Mercantile Exchange on June 11, barrels increased 5 cents to \$1.4950 and blocks jumped 4.5 cents to \$1.5375. Some traders' perception is that current cheese prices are seasonally high, though they continue to lag butterfat/powder returns. At least a few loads of cheddar blocks previously committed to aging programs were offered commercially as sellers cash in on recent price increases (35.75 cents since April 30) rather than wait for aging returns. Process demand is a little more spotty, but generally good. Barrel offerings remain limited and processing solids remain tight, depending on quality. Cheddar/American plants are relatively committed for various periods. Milk production is declining slowly though temperatures have not really stressed cows yet. For most Midwestern states, NASS May milk production estimates were higher.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.7475
Brick And/Or Muenster 5#	:	1.6900-2.0100
Cheddar 40# Block	:	1.7100-1.9150
Monterey Jack 10#	:	1.8800-2.0025
Blue 5#	:	2.1450-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants.

CHEDDAR STYLES : JUNE 15 - 19, 1998

BARRELS*	:	\$1.5050 - 1.5150 (NOMINAL)
	:	(\$0.0500) (.0500)
40# BLOCKS	:	\$1.5575 - 1.5675 (NOMINAL)
	:	(\$0.0450) (.0400)

() Change from previous week. * If steel, barrel returned.

WEST

Western cheese prices continue to firm in response to price moves at the CME. Orders continue to come in at a very good rate considering the current level of prices. Offerings of processing solids are less than the market is looking for at this time. Any available is being held with confidence. Blocks are short of trade needs. Buyers are not able to find what they need in a timely fashion. Sellers are sold ahead and are not keeping up with orders. Swiss sales are moderate at best. Mozzarella seems to be moving very well. There has not been much of a slow down at all despite schools closing. Overall cheese production seems to be near the seasonal peak. Many plants are now on seven day schedules.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6800-1.9075
Cheddar 40# Block	:	1.7200-1.8000
Cheddar 10# Cuts	:	1.9300-2.0600
Monterey Jack 10#	:	1.8900-2.0225
Grade A Swiss Cuts 6 - 9#	:	2.3200-2.3700

FOREIGN TYPE CHEESE

Prices are unchanged on imported varieties, higher on domestic styles. Current offerings are adequate for the mostly seasonal slow to fair demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.8725-2.4825*
Gorgonzola	: 3.2400-5.9400	: 2.5275-2.5675*
Parmesan (Italy)	: TFEWR	: 3.2825-3.3225*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5450-2.0725*
Romano (Cows Milk)	: -0-	: 3.0700-3.4125*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

During May, milk production in the 20 major states totaled 12.1 billion pounds, up 2.1% from May 1997. The following are the May to May changes for selected states: Florida -7.3%, Kentucky -5.8%, Texas -0.9%, New York steady, Virginia +3.0%, Pennsylvania and Vermont +4.0%. Northeastern Milk Market Administrators announce May 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$13.38; F.O. 2, \$12.73; F.O. 4, \$13.91; F.O. 36, \$12.99; and Western NY Milk Market Area, \$12.87. Overall milk production patterns throughout the Northeast and Southeast are following trends of the past few weeks. In the Southeast, hot and dry weather conditions continue, enhancing seasonal production declines. Milk supplies are in very close balance to generally short of needs. In Florida, the final group of schools have now closed for the year, thus school bottling needs have ended. With the decline in school milk demand, total milk needs were still not fully filled from within the state thus milk was moving greater distances internally within the Southeast and also from more Northern states. This week, a total of 35 loads were shipped from Maryland and Virginia. Milk handlers stated that outside imports are about 2 weeks earlier than last year and anticipate that they will continue to build during the next few months. Further north, milk output has now basically passed peak levels and various degrees of declines are being reported. In most instances, milk remains readily available to maintain steady manufacturing schedules. Cream prices continue to increase, but pricing multiples remain basically unchanged. The base price for cream (Grade A butter) has increased 41 cents over the past 4 weeks. Although cream is more expensive than the previous week, overall demand is quite good. Ice cream production schedules remain quite active.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.5080 - 2.6426
Delivered Equivalent Atlanta	-	2.3370 - 2.6600 M 2.4700 - 2.5840
F.O.B. Producing Plants: Upper Midwest	-	2.4186 - 2.6410

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8000 - 1.0000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 12 - 18, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I retail sales were steady to often improved as a few bottlers promote milk as a way of generating extra cream to sell or use in whipped cream and/or ice cream production. Class II interest remains good. A total of 14 loads of Wisconsin milk are reported as "direct shipped" and pooled under a Southern Federal Order. Volumes of manufacturing milk are lighter and prices continue to slowly firm, even on weekend milk. Reported weekend spot prices are \$0.25 to 0.75 over class/MCP. A few midweek loads, when supplies are normally tighter, cleared at \$1.50 over. Cream prices are higher, reflecting another increase in the cash butter price at the Chicago Mercantile Exchange last week. Ice cream manufacturers are again having problems passing on price increases fast enough to cover costs. Cream multiples are steady to slightly lower with at least a couple deals reported to be temporarily based on the "old" butter price. Milk production has peaked for the year and intakes

are generally falling just slightly from these levels. Fat and protein tests are steady to typically lower. Further south of the upper tier of states, continued heat and humidity are causing larger, more sustained declines. The initial May estimated milk production in selected Midwestern states compared with May 1997 is: Wisconsin 2.038 billion pounds, up 60 million pounds (3.0%); Minnesota 829 million pounds, up 1 million pounds (0.1%); Michigan 471 million pounds, off 3 million pounds (0.6%), and Iowa 359 million pounds, up 14 million pounds (4.1%). The estimated number of cows in California during May (1,370,000) exceeded the survey in Wisconsin (1,368,000) for the first time ever.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 40.00	\$ 33.50- 39.50
REPLACEMENT HEIFER CALVES	\$105.00-160.00	\$ 80.00-130.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 39.25	\$ 33.00- 38.00

W E S T

U.S. milk production in the 20 states surveyed for the month of May totals 12.1 billion pounds, up 2.1% from May 1997. Output for selected Western states compared to last year is as follows: Arizona up 2.8%, California up 3.2%, Idaho up 8.7%, New Mexico up 8.5%, and Washington down 1.1%. Output has begun to rebound from the earlier declines induced by widespread spring storms. An interesting note in the May milk production report was that California surpassed Wisconsin in the number of milk cows. California's 1,370,000 cows exceeded Wisconsin's herd by 2,000 head. Milk production is varied across California. Hotter weather in the Southern valley is helping to dry lots out, but the heat is causing milk to drop slightly. Lack of rainfall is allowing more alfalfa to be harvested. In the Central valley, incoming milk load averages are holding steady with recent weeks. Hotter weather in eastern New Mexico is causing milk production to decline. Processing plants are taking in less milk and most producers agree the flush has passed. Cream prices remain high, reflecting the higher butter prices at the CME. Cream demand is good and clearances to ice cream producers are increasing. Better weather has increased ice cream production in many areas. Cream multiples remain in the 115 to 130 range. Weather conditions are improving slowly in the Pacific Northwest from a cropping point of view. Showers are less common and temperatures are warming. Crop growth has slowed down because of the cool and wet conditions. Harvesting of quality hay is an ongoing problem. The majority of the hay that has been harvested has gotten either wet a few times or it is too mature and has lost quite a bit of its feed value. Many contacts have not seen a load of dairy quality first cutting hay yet. To be this late in the season and have no new crop hay available is very unusual. Most of the decent quality old crop hay from last year is now gone. Milk producers are expressing more concern about where they are going to find good quality reasonably priced hay. Currently, milk production is seasonally strong. Culling rates are lower due to the poor slaughter cow markets. Demand for heifers is improving. Conditions continue to be cool and wet in Utah and Idaho. Some producers are noting an increase in somatic cell counts. The hay harvesting situation is going from bad to worse. There are no-good solutions for harvesting hay with conditions this wet. Crop growth is very slow due to the cooler than normal temperatures. Most manufacturing facilities are operating on full production schedules.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/18/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are higher on the top end of the range, but the majority of prices are unchanged. The market tone remains weak. Pricing levels are helpful in securing local sales because buyers are not looking to other regions for powder buys. Sales are not enough to clear production, so producers are offering to the CCC or storing NDM. Drying remains seasonally active. Stocks are moderate to heavy and often building.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0150 - 1.0450 MOSTLY: 1.0250 - 1.0350

DRY BUTTERMILK - CENTRAL

Buttermilk prices are steady in generally light trading. The market tone is steady to slightly firmer. Occasionally interest is higher from ice cream producers, but overall demand is light. Producers expect prices to improve in the near future and are not anxious to move any current inventories. Some were noting where prices should be based on the fat content. Inventories are light to moderately heavy, but held with confidence.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Dry whey prices continue to increase as the market tone remains firm. Demand was fair for the current pricing levels, but tailed off as the week progressed. Feed accounts are very reluctant to buy beyond current contracts, mainly due to the slowness of finished products. Speculative buying also was indicated to be curtailed. Resale offerings provided some relief when plants were short, but were priced with heavy premiums. Condensed whey offerings remain plentiful. Production remains seasonally strong, especially in the upper Midwest. Stocks are stated to be in good balance at plant locations.

NONHYGROSCOPIC: .2500 - .2700 MOSTLY: .2550 - .2600

ANIMAL FEED WHEY - CENTRAL

Milk replacer, standard, and roller ground prices are higher, reflecting the firmness in edible whey prices. Offerings are generally limited with price resistance building. Some buyers have enough whey contracted and are not looking for additional product. Weaker WPC and lactose markets are providing for alternative protein and carbohydrate sources. Delactose prices are lower and offerings are available from most producers. As hotter and more humid conditions develop, concerns about the hygroscopicity of delactose increase and usage declines. Stocks of delactose are moderate; other types are generally tight.

MILK REPLACER: .2200 - .2500
STANDARD: .2100 - .2300
ROLLER GROUND: .2600 - .2650
DELACTOSE (Min. 20% protein): .3275 - .3675

LACTOSE - CENTRAL AND WEST

Lactose prices are lower and the market tone is weak. Buying interest is lighter as resistance is growing. Pressure from weaker Asian markets is being felt back at the plant level. Buyers are asking for price concessions on contracts and spot sales are being lowered to secure sales. Third quarter contract prices are being negotiated lower. Contacts indicate lactose is available from most sources. Inventories are moderate to heavy.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .1900 - .2000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are lower and the market tone is weaker. Buying interest remains light and offerings are available from many producers. Some plants are in better shape than others, but WPC offerings are in excess of the current light demand. The availability and pricing levels of 80% WPC continue to impact the 34% WPC market. Production levels are seasonally strong. Inventory levels range from light to heavy.

EXTRA GRADE 34% PROTEIN: .5200 - .5900 MOSTLY: .5500 - .5650

NONFAT DRY MILK - WEST

Prices for both series are holding steady. Pricing levels remain around the support price of \$1.0280. Production is seasonally strong, but declining where milk has dropped due to the heat. Low heat spot demand is very light with some buyers reluctantly taking contract loads because they remain hard to move. Medium heat production is higher as DEIP contracts are being filled. High heat interest is fair to good with most production clearing under contracts. Condensed skim prices remain lower than NDM in California. During the week of June 8 - 12, Western and Central producers offered 9.3 million pounds of NDM to the CCC under the support program.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged and the market tone remains unsettled. Extra loads are available, but producers are not discounting very much to move them. The expectation among sellers and others is that prices will improve, especially as fat becomes tighter and churning declines seasonally. Demand is basically light and spot trades are limited. Production is lower at locations where churning levels are declining. Stocks remain in the range of light to moderate.

BUTTERMILK: .9000 - .9400 MOSTLY: .9100 - .9300

DRY WHEY - WEST

Prices for Western whey continue to strengthen. Some contacts are wondering why there is this much strength in the market during the peak milk production season of the year. Most believe part of the increase is due to the firmness in the Central whey market. Any offerings of powder are clearing easily for both domestic and export accounts. Powder production is heavy. Stocks are light and being held with confidence. Contacts are speculating that prices should continue to improve into the third quarter.

NONHYGROSCOPIC: .2200 - .2350 MOSTLY: .2250 - .2325

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 12, on powder sales of 12,532,753 pounds f.o.b. California manufacturing plants was \$1.0347 per pound. This compares to 7,951,624 pounds at \$1.0307 for the previous week ending June 5, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly higher. Some producers, who had been offering large-volume discounts, have stopped that practice because stocks are in much better balance and have now raised prices. Production levels are often lighter. Although most schools are now on summer recess, the high Class III-A milk prices and the low NDM price are deterrents to drying. There is approximately a \$3.10 spread between the May Class III (\$10.76-10.88) and III-A (\$13.84-13.96) milk prices. Users that can, are again turning to condensed skim as a less expensive source of solids. Demand for NDM is slow. Contract volumes are clearing, but new spot interest is slow to fair. DEIP sales are steady to a bit better. This week, some bids were accepted under the reallocation of current and previous years' volumes.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0500

HIGH HEAT: 1.0550 - 1.1300 MOSTLY: 1.0700 - 1.0800

DELVD SOUTHEAST:

ALL HEATS: 1.0600 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to occasionally lower. The market tone is steady, but many contacts wonder when and if interest in dry buttermilk will improve. With butter and butterfat prices so high, many feel that buttermilk is an excellent, inexpensive source of fat. Production levels are light to moderate. Many suppliers are moving most or all of their buttermilk as a liquid. Plant stocks are light, but adequate to fill current demand.

F.O.B. NORTHEAST: .9300 - .9600

DELVD SOUTHEAST: .9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are generally unchanged. Production levels range from steady to lighter as surplus milk volumes decrease in some areas of the country. Also, the high value for butterfat is detracting from dry whole milk output. Spot demand is slow to fair and most sales are contractual agreements. The Kansas City Commodity Office announced the purchase of 3,385 MT (7,462,571 pounds) of dry whole milk, packed in 25 KG bags at prices ranging \$1.4592 - 1.5418 per pound. The purchases are for export donation under WME-1, invitation 068D for shipment in August 1998.

F.O.B. PRODUCING PLANT: 1.1200 - 1.4500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JUNE 12, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 91,876 MT (202,549,829 LBS)

WHOLE MILK POWDER -- 7,487 MT (16,505,840 LBS)
Program allocations filled

CHEESE -- 3,510 MT (7,738,146 LBS)
Program allocations filled

BUTTERFAT -- 15,648 MT (34,497,580 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are higher again this week and the market tone is generally firm. Some contacts are still surprised at the firming market and increasing prices during the flush when cheese and whey output are moderate to heavy. This week, milk volumes are easing, but still readily available to most Eastern cheese makers. Dry whey output is moderate to heavy and most plants are at or near capacity. Given these production statements, buyers wonder why prices are increasing as fast as they are. Demand is improving as prices move higher, but most traders feel that the strength in this market is supply driven. Most producers report being sold out for the remainder of June. Those that do have spot loads are holding them with growing confidence. Many producers are clearing their output to traders through contracts and most spot business is resale loads.

F.O.B. NORTHEAST: EXTRA GRADE .2550 - .2600

USPH GRADE A .2550 - .2600

DELVD SOUTHEAST: .2700 - .3000

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone continues to firm due to the supply tightness, but the overall animal feed market is weakening. The hog and cattle markets have remained somewhat depressed for quite sometime which affects the need for dry whey and other animal feed ingredients. There is some resistance to the current, high prices.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is steady to lighter as surplus milk volumes are slowly decreasing along seasonal patterns. Producers' stocks are more than adequate to meet the current, fill-in type demand. The Kansas City Commodity office announced the issuance of EVD-1, invitations 460 inviting competitive offers to sell to CCC 110,160 pounds of evaporated milk for shipment in August 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices remain basically unchanged, although the market tone is weak. Rennet demand is somewhat more aggressive as natural cheese prices continue to firm. Acid demand is steady with past weeks. Stocks of both acid and rennet remain readily available with deliveries generally on schedule. U.S. buyers do not anticipate any problems in acquiring needed stocks during the foreseeable future.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0500 - 2.1600

ACID: 2.0000 - 2.1000

MAY MILK PRODUCTION

Milk production in the 20 major States during May totaled 12.1 billion pounds, 2.1 percent above production in these same States in May 1997. April revised production, at 11.6 billion pounds was 1.3 percent above April 1997.

Production per cow in the 20 major States averaged 1,564 pounds for May, 35 pounds above May 1997.

The number of cows on farms in the 20 major States was 7.75 million head, down 16,000 head from May 1997 but up 14,000 from April 1998.

MAY 1998 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1997	1998	1997	1998	1997	1998	% CHANGE FROM 1997
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	128	130	1,920	1,945	246	253	2.8
CA	1,320	1,370	1,835	1,825	2,422	2,500	3.2
FL	162	162	1,430	1,325	232	215	-7.3
ID	268	290	1,670	1,680	448	487	8.7
IL	148	143	1,350	1,480	200	212	6.0
IN	140	140	1,380	1,400	193	196	1.6
IA	245	238	1,410	1,510	345	359	4.1
KY	145	136	1,180	1,185	171	161	-5.8
MI	308	302	1,540	1,560	474	471	-0.6
MN	585	570	1,415	1,455	828	829	0.1
MO	170	160	1,335	1,340	227	214	-5.7
NM	200	216	1,760	1,770	352	382	8.5
NY	698	701	1,465	1,460	1,023	1,023	0.0
OH	283	274	1,380	1,440	391	395	1.0
PA	639	635	1,480	1,550	946	984	4.0
TX	388	375	1,370	1,405	532	527	-0.9
VT	157	158	1,440	1,485	226	235	4.0
VA	122	120	1,345	1,410	164	169	3.0
WA	266	261	1,770	1,785	471	466	-1.1
WI	1,393	1,368	1,420	1,490	1,978	2,038	3.0
20 STATE TOTAL	7,765	7,749	1,529	1,564	11,869	12,116	2.1

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (6-98), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Strong dairy product prices are supporting higher than anticipated milk prices. The all-milk price forecasts for 1997/98 and 1998/99 are raised this month. The higher milk prices combined with lower feed prices likely will boost milk production a little above the level previously forecast and the production forecast for 1998/99 is increased slightly. Nonfat dry milk prices remain weak and the forecast of CCC net removals is increased.

U.S. MILK SUPPLY AND USE

Item	1996/97 1/	1997/98 Projection 1/		1997/98 Projection 1/	
		May	June	May	June
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	6.0	6.0
PRODUCTION	156.4	157.3	157.2	158.9	159.2
FARM USE	1.4	1.3	1.4	1.2	1.3
MARKETINGS	155.0	156.0	155.8	157.7	157.9
IMPORTS 2/	2.8	3.1	3.2	3.3	3.3
TOTAL COMMERCIAL SUPPLY 2/	162.7	165.1	164.9	167.0	167.1
USE					
COMMERCIAL USE 2/	156.1	158.3	158.2	160.1	160.5
ENDING COMMERCIAL STOCKS 2/	5.9	6.0	6.0	5.8	5.8
CCC NET REMOVALS:					
MILKFAT BASIS 3/	0.7	0.8	0.7	1.0	0.8
SKIM SOLIDS BASIS 3/	2.7	3.5	4.0	2.8	2.9
		DOLLARS PER CWT.			
PRICES RECEIVED BY FARMERS 4/					
BASIC FORMULA (BFP)	11.88	12.25-12.45	12.65-12.85	11.85-12.85	11.80-12.80
ALL MILK 5/	13.53	13.70-13.90	14.05-14.25	13.05-14.05	13.20-14.20
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 3/					
BUTTER	24	25	22	38	30
CHEESE	10	7	7	7	7
NONFAT DRY MILK	222	280	325	225	235
	QUARTERLY 6/			ANNUAL 6/	
	1998 II	1998 III	1998 IV	1998	1999
	BILLION POUNDS				
MILK PRODUCTION	40.9	38.9	38.6	157.7	159.7
	DOLLARS PER CWT.				
ALL MILK PRICE 4/ 5/	13.40-13.60	13.65-14.15	14.10-14.90	13.95-14.35	13.20-14.20
BASIC FORMULA PRICE 4/	11.80-12.00	12.75-13.25	12.35-13.15	12.50-12.90	11.90-12.90

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-339, World Agricultural Outlook Board, USDA, June 12, 1998.

APRIL FLUID MILK SALES HIGHLIGHTS

During April, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.7 percent below the previous year and 0.9 percent below March 1998 on an adjusted daily average basis. Sales of whole milk items were 1.2 percent below the previous year; sales of fat-reduced milk items were 2.0 percent below the previous year. Total fluid milk sales were lower in all regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, FAT-REDUCED MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, APRIL 1998, WITH COMPARISONS 1/**

Region <u>4/</u>	Whole Milk Items <u>2/</u>				Fat-reduced Milk Items <u>3/</u>				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Apr	Year to date	Prev. year <u>5/</u>	Year to date <u>5/</u>	Apr	Year to date	Prev. year <u>5/</u>	Year to date <u>5/</u>	Apr	Year to date	Prev. year <u>5/</u>	Year to date <u>5/</u>
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	332	1,354	-2.3	-2.4	442	1,813	-2.1	-0.6	774	3,167	-2.2	-1.4
Southeastern	322	1,312	-3.2	-2.5	435	1,800	-1.4	0.1	757	3,112	-2.1	-1.0
Midwest	250	1,029	0	-0.6	910	3,746	-2.8	-1.4	1,160	4,774	-2.1	-1.2
Southwest	163	661	-0.8	-1.0	207	834	-0.2	-0.1	370	1,495	-0.4	-0.5
Far West	325	1,312	0.9	-0.4	663	2,709	-1.8	-0.7	988	4,020	-0.9	-0.6
All Areas Combined	1,392	5,668	-1.2	-1.5	2,657	10,901	-2.0	-0.8	4,049	16,569	-1.7	-1.0

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 90 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 65, report #12. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

**PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN
ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 1998,
WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk <u>2/</u>	1,457	-0.7	-1.6
Reduced Fat Milk (2%)	1,350	-1.5	-2.5
Low Fat Milk (1%) <u>3/</u>	680	5.6	2.4
Fat-Free Milk (Skim)	729	1.7	1.6
Buttermilk	50	-1.8	-2.4
Total Fluid Milk Products <u>4/</u>	4,278	0.4	-0.7

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1997 ANNUAL, AND JANUARY-MARCH 1997 AND 1998

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS ^{1/}

Commodity	Quantity (in Metric Tons)			Value (In \$1,000)		
	Jan.-Dec. 1997	Jan.-Mar. 1997	Jan.-Mar. 1998	Jan.-Dec. 1997	Jan.-Mar. 1997	Jan.-Mar. 1998
Milk and Cream ^{2/}	9,024	3,200	2,717	8,499	2,595	2,621
Other Fluid Products ^{2/}	998	30	754	5,090	1,744	2,863
Dried Dairy Products	10,308	1,916	3,353	15,933	2,730	5,020
Cheese, Quota	98,213	17,390	18,173	352,682	64,038	67,193
Cheese, Nonquota	40,732	10,115	9,100	188,347	47,053	40,311
Butter	10,956	943	2,084	19,292	1,528	4,264
Casein	65,025	13,832	15,841	280,952	61,377	67,909
Milk Protein Concentrate	28,392	6,095	8,049	104,649	21,626	28,764
Other, Dairy Products	20,734	4,790	5,091	50,792	11,375	12,278
Total ^{3/}	---	---	---	1,026,236	214,066	231,223

^{1/} Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. ^{2/} Quantity for fluid dairy products shown in kiloliters. ^{3/} Total volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (in Metric Tons) ^{1/}			Value (In \$1,000)		
	Jan.-Dec. 1997	Jan.-Mar. 1997	Jan.-Mar. 1998	Jan.-Dec. 1997	Jan.-Mar. 1997	Jan.-Mar. 1998
Butter & Milkfat	15,025	1,890	6,133	25,955	3,148	9,201
Cheese & Curd	37,436	8,712	9,552	123,333	26,939	28,589
Casein	3,927	937	1,688	20,445	4,792	5,352
Dry Whole Milk & Cream	48,609	6,254	10,180	76,187	7,707	13,901
Condensed & Evaporated Milk	9,344	1,961	2,353	6,416	1,251	1,663
Nonfat Dry Milk	62,070	9,116	26,579	109,233	16,722	46,059
Ice Cream	36,767	7,434	8,473	83,264	17,774	18,436
Whey	---	---	---	124,464	33,736	31,778
Yogurt & Other Fermented Milk	---	---	---	7,356	1,539	1,452
Other Dairy Products	---	---	---	293,607	62,014	73,899
Total ^{1/}	---	---	---	870,260	175,622	230,330
Fluid Milk & Cream ^{2/}	43,650	14,682	12,561	34,287	11,145	10,173
Total Milk & Products ^{1/}	---	---	---	904,547	186,767	240,503

^{1/} Volume information for whey, yogurt and other fermented milk, other dairy products, and total milk and products is not available as these commodities are reported in mixed units. ^{2/} Quantity for fluid milk and cream shown in kiloliters.

SOURCE: "Foreign Agriculture Circular: Dairy, Livestock, and Poultry: U.S. Trade and Prospects", FDLP 5-98, May 1998, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Department of Commerce, Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JUNE 15 - 19, 1998			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	06/12/98	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	-0-	344,062	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	988,800	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	1,332,862	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	2,574,947	1,178,777	1,396,170	99,928,030	4,470,421	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	2,574,947	1,178,777	1,396,170	99,928,030	4,470,421	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF JUNE 15 - 19, 1998 =	0.3	16.3	COMPARABLE WEEK IN 1997 =	3.3
CUMULATIVE SINCE OCTOBER 1, 1997 =	22.0	1,163.2	CUMULATIVE SAME PERIOD LAST YEAR =	13.3
CUMULATIVE JANUARY 1 - JUNE 19, 1998 =	20.3	1,071.8	COMPARABLE CALENDAR YEAR 1997 =	13.3
				65.2

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	1,332,862	7,897,844	-0-	7.9	92.6
WEST	-0-	-0-	-0-	-0-	91,743,643	4,470,421	91.8	7.4
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.3	0.0
TOTAL	-0-	-0-	-0-	1,332,862	99,928,030	4,470,421	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855**Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/30/98 & Comparable Week 1997 1/ 2/**

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
											WEEK : SINCE JAN 1:	WEEK : SINCE JAN 1		
1998-Dairy cows HD (000)	0.1	1.2	4.8	4.2	16.5	2.0	2.2	0.7	8.4	2.9	43.0	1,178.1	42.5	47.8
1997-Dairy cows HD (000)	0.3	1.3	5.0	4.5	18.4	2.0	2.3	0.8	7.2	2.6	44.4	1,266.2	45.0	46.3
1998-All cows HD (000)	0.3	1.2	6.4	13.5	23.4	17.3	16.1	5.3	11.2	6.4	101.2	2,467.0		
1997-All cows HD (000)	0.4	1.3	6.8	14.0	24.7	14.0	14.6	6.6	10.2	6.0	98.6	2,736.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS ON 6/11

PROCESS	JULY DELIVERY	AUGUST DELIVERY	OFFERS ARE DUE JUNE 22. PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. JUNE 25
PROCESS 2# LOAF		396,000	
PROCESS 5# LOAF		1,425,600	
PROCESS SLICED		1,900,800	
NATURAL AMERICAN			
CHEDDAR SHREDS		307,200	
CHEDDAR CUTS		439,455	
CHEDDAR BLOCKS		479,402	
BARRELS		1,600,000	
REDUCED FAT BLOCKS		39,951	
REDUCED FAT CUTS		39,950	
REDUCED FAT SHREDS		307,200	
MOZZARELLA			
MOZZARELLA	1,491,840	2,257,920	
MOZZARELLA LITE SHRED	524,160	766,080	
MOZZARELLA LITE		120,960	

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 57,294,076

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88							